From: DNELSON --VUS0212A Date and time 01/28/94 16:23:10
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From: Donald Nelson
Subject: Tobacco Trade Group
The interagency committee examining the issue ofcigarette exports met this week. The initial outcome was quite positive, but much remains to be done.

Of nine agencies represented at this working-level meeting, only HHS supported the idea of a public hearing. The FTC representative was adamantly opposed, noting that a recent hearing in which she took part was a fiasco. The HHS guy also suggested a policy that the USG not accept 301 cases on cigarettes and tobacco. Dan Brinza of the USTR s General Counsel s office said that USTR already had discretion to accept or deny petitions and cautioned against any such exclusionary policy. The representatives from OMB and the Council of Economic Advisors agreed with Brinza and strongly argued that there are a number of controversial products and industries. To try to single out individual products as being unworthy of support would be to open a can of worms. All other agencies opposed HHS as well.

There was a lot of discussion of advertising and of consumption trends--and a lot of focus on the four 301 countries. USDA is to examine the consumption numbers in those countries. The group stressed the need for unbiased information on the effects of advertising. They are unwilling to accept studies from us or from the antismokers.

The HHS guy also argued that developing countries aren't yet subject to the smoking and that it is the duty of the USG to protect them. I guess nobody laughed out loud, but it was made clear to him that he is off base. He also kept referring to Article XX of the GATT which allows countries to restrict imports for reasons of health. (The Thai argument.) Brinza apparently tried to explain to him that the article doesn't apply to exports.

At any rate, there is a modest work program--to look at consumption trends and to determine the effects of advertising. No subsequent meeting has been scheduled. It was agreed that everyone would have a chance to look over the Federal Register notice, so it isn t likely to be out for a month.

Agencies represented were: USTR, HHS, USDA, ITC, State, Treasury, CEA, OMB, and the FTC. Commerce had not been advised of the meeting.

Regards,

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